



Department of Business Regulation

233 Richmond Street
Providence, RI 02903

Insurance Bulletin Number 2003-3

Rescission of Automobile Liability Insurance Policies

The common law right of rescission of contracts has been preempted by the enactment of the Motor Vehicle Reparations Act R.I. Gen. Laws § 31-47-1 *et seq.* with regard to automobile liability insurance. Therefore, an insurer may not rescind an automobile liability insurance policy on any ground that may have been available at common law. In accordance with *Glaude v. Continental*, 719 A.2d 856 (R.I. 1998) the policy is not subject to reformation to the minimum limits. Therefore, in the event of a loss, the policy remains in effect at the limits written in the policy.

In cases where automobile liability is one of a number of coverages in the policy, the automobile liability portion is severed from the remainder of the policy for this purpose and the remainder of the policy is subject to rescission pursuant to the legal requirements for such action. This position does not affect an insurer's ability to prospectively cancel an Automobile Liability policy in accordance with all statutes and Regulation governing cancellation.

Marilyn Shannon McConaghy
Director, Department of Business Regulation
August 6, 2003